
EAST JEFFERSON GENERAL HOSPITAL
RETIREMENT AND SAVINGS PLANS

FINANCIAL STATEMENTS

DECEMBER 31, 2012 and 2011

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date **MAY 15 2013**



Postlethwaite
& Netterville

A Professional Accounting Corporation

www.pnqpa.com

EAST JEFFERSON GENERAL HOSPITAL
RETIREMENT AND SAVING PLANS

FINANCIAL STATEMENTS

DECEMBER 31, 2012 and 2011

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report	1
Management's Discussion and Analysis	3
Financial Statements:	
Statements of Plan Net Position	14
Statements of Changes in Plan Net Position	15
Notes to Financial Statements	16
Supplemental Schedules:	
Combining Statements of Plan Net Position	26
Combining Statements of Changes in Plan Net Position	27
Required Supplemental Schedules:	
Schedule of Employer Contributions	28
Schedule of Funding Progress	29

Independent Auditors' Report

The Board of Directors
East Jefferson General Hospital

Report on the Financial Statements

We have audited the accompanying statements of plan net position of the East Jefferson General Hospital Retirement and Savings Plans (the Plans) as of December 31, 2012 and 2011, the related statements of changes in plan net position for the years then ended.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the plan net position of the East Jefferson General Hospital Retirement and Savings Plan at December 31, 2012 and 2011, and the changes in plan net position for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 13, the schedule of employer contributions on page 28, and the schedule of funding progress on page 29 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Plans' basic financial statements. The combining financial statements on pages 26 and 27 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining financial statements are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 30, 2013 on our consideration of the East Jefferson General Hospital Retirement and Savings Plans' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

Postlethwaite Westlake

Metairie, Louisiana
April 30, 2013

EAST JEFFERSON GENERAL HOSPITAL
RETIREMENT AND SAVINGS PLANS

MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis of the financial performance of East Jefferson General Hospital's Retirement and Savings Plans provides an overview of the Defined Contribution and Defined Benefit Plans' financial activities for the fiscal years ended December 31, 2012 and 2011. Please read this section in conjunction with the financial statements, which begin on page 14, and the combining financial statements which begin on page 26.

FINANCIAL HIGHLIGHTS

The following highlights are explained in greater detail later in this discussion.

Defined Benefit Retirement Plan – Financial Highlights for the Year Ended December 31, 2012

- The net position held in trust for the Defined Benefit Retirement Plan increased by \$4,253,214 during the 2012 fiscal year and totaled \$38,776,525 as of December 31, 2012.
- Retirement benefits paid during 2012 decreased \$172,852 to total \$3,318,413.
- Employer contributions to the Plan increased \$465,091 during 2012 to total \$3,046,895.
- Net appreciation in the fair market value of investments was \$3,813,333 compared to net depreciation of \$1,200,228 for the prior fiscal year.
- Investment advisory and custodial fees decreased \$5,575 to total \$342,111.

Defined Contribution Savings Plans – Financial Highlights for the Year Ended December 31, 2012

- The aggregate net position held in trust for the Defined Contribution Savings Plans increased by \$16,437,004 during the 2012 fiscal year and totaled \$134,584,291 as of December 31, 2012.
- Net appreciation in fair market value of investments was \$10,092,781 compared to net depreciation of \$3,966,069 for the prior fiscal year.
- Total contributions to the Savings Plans decreased by \$977,913 to total \$13,410,102 for the year ended December 31, 2012.
- Total withdrawals decreased \$2,297,199 during 2012 bringing total withdrawals to \$10,267,677.

Defined Benefit Retirement Plan – Financial Highlights for the Year Ended December 31, 2011

- The net position held in trust for the Defined Benefit Retirement Plan decreased by \$1,416,169 during the 2011 fiscal year and totaled \$34,523,311 as of December 31, 2011.
- Retirement benefits paid during 2011 increased \$581,954 to total \$3,491,265.
- Employer contributions to the Plan increased \$27,268 during 2011 to total \$2,581,804.

EAST JEFFERSON GENERAL HOSPITAL
RETIREMENT AND SAVINGS PLANS

MANAGEMENT'S DISCUSSION AND ANALYSIS

- Net depreciation in the fair market value of investments was \$1,200,228 compared to net appreciation of \$3,445,941 for the prior fiscal year.
- Investment advisory and custodial fees increased \$134,864 to total \$347,686.

Defined Contribution Savings Plans – Financial Highlights for the Year Ended December 31, 2011

- The aggregate net position held in trust for the Defined Contribution Savings Plans decreased by \$37,571 during the 2011 fiscal year and totaled \$118,147,287 as of December 31, 2011.
- Net depreciation in fair market value of investments was \$3,966,069 compared to net appreciation of \$8,335,141 for 2010.
- Total contributions to the Savings Plans increased by \$48,692 to total \$14,388,015 for the year ended December 31, 2011.
- Total withdrawals increased \$3,453,399 during 2011 bringing total withdrawals to \$12,564,876.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Plans' basic financial statements include the following:

1. Statements of plan net position,
2. Statements of changes in plan net position, and
3. Notes to the financial statements.

The statements of plan net position report the Plans' assets, liabilities, and resultant net position restricted for pension benefits. It discloses the financial position of the Plans as of December 31, 2012 and December 31, 2011.

The statements of changes in plan net position available for benefits report the results of the Plans' operations during the years disclosing the additions to and deductions from the net position. It supports the change that has occurred to the prior year's net position value on the statement of plan net position.

The notes to the financial statements provide additional information and insight that are essential to gaining a full understanding of the data provided in the statements.

The notes to the statements are followed by required supplementary information that further explains and supports the information in the financial statements.

EAST JEFFERSON GENERAL HOSPITAL
RETIREMENT AND SAVINGS PLANS

MANAGEMENT'S DISCUSSION AND ANALYSIS

CHANGES TO THE DEFINED BENEFIT PENSION PLAN

The Defined Benefit Plan Statement of Overall Investment Policy and Guidelines was revised in August 2011 and approved by the Board of Directors in October 2011. The plan revision changed the maximum and minimum allocation range for the each plan asset category as stated below.

<u>Asset Category</u>	<u>Minimum</u>	<u>Policy Target</u>	<u>Maximum</u>
Large Cap Equities	27%	37%	47%
Small/Mid Cap Equities	5%	10%	18%
International Equities	10%	18%	25%
Fixed Income	24%	35%	44%
Absolute Return Funds	0%	0%	0%

In October 2012, the Board of Directors' approved the November 2012 revised Investment Policy for the Qualified Defined Benefit Plan. The plan revision changed the maximum and minimum allocation range for the each plan asset category as stated below.

<u>Asset Category</u>	<u>Minimum</u>	<u>Policy Target</u>	<u>Maximum</u>
Large Cap Equities	25%	35%	45%
Small/Mid Cap Equities	5%	10%	18%
International Equities	10%	17%	24%
Fixed Income	20%	32%	40%
Real Estate	4%	6%	10%
Absolute Return Funds	0%	0%	0%

Pursuant to an IRS determination letter dated March 22, 2012, the Board of Directors approved an amendment to the Retirement (Pension) Plan. The amendment was approved in April of 2012, and clarifies certain language in the Plan to meet the requirements of the Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA) and maintain qualified status.

Effective September 1, 2012, Comerica Bank was retained as the trustee of the Retirement (Pension) Plan.

For 2013, the recommended contribution is \$2,792,819, \$254,076 less than the 2012 recommended contribution of \$3,046,895. This amount has been computed assuming the payment is made on the last day of the year.

For 2012, the recommended contribution was \$3,046,895, \$465,091 more than the 2011 recommended contribution of \$2,581,804. This amount has been computed assuming the payment is made on the last day of the year. Effective with the January 1, 2012 actuarial valuation, the valuation interest rate was lowered from 8.0% to 7.5%, resulting in an increase in the actuarial accrued liability from \$65,035,180 to \$70,572,102.

EAST JEFFERSON GENERAL HOSPITAL
RETIREMENT AND SAVINGS PLANS

MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL ANALYSIS – RETIREMENT PLAN

Defined Benefit Retirement Plan - 2012 and 2011

The net position held in trust for the Defined Benefit Retirement Plan increased by \$4,253,214 during the 2012 fiscal year and totaled \$38,776,525 as of December 31, 2012.

The \$3,813,333 fair market value appreciation of plan investments contributed to an increase in net position during 2012 in comparison to the \$1,200,228 depreciation reported in 2011. This increase in net position is also attributable to a \$465,091 increase in total employer contribution and a \$172,852 decrease in benefits expense.

Retirement Plan				
Net Position Held in Trust for Pension Benefits				
	<u>2012</u>	<u>2011</u>	<u>Difference</u>	<u>Difference</u>
Investments	\$ 38,798,900	\$ 34,521,866	\$ 4,277,034	12.4%
Receivables	<u>50,229</u>	<u>65,234</u>	<u>(15,005)</u>	-23.0%
Total assets	38,849,129	34,587,100	4,262,029	12.3%
Total liabilities	<u>72,604</u>	<u>63,789</u>	<u>8,815</u>	13.8%
Net position	<u><u>\$ 38,776,525</u></u>	<u><u>\$ 34,523,311</u></u>	<u><u>\$ 4,253,214</u></u>	12.3%

The primary investment advisor, UBS Financial Services Inc., monitors and reports regularly on the performance of the sub-advisors specializing in: Large Cap Equity Value, Small Cap Equity Value, International Equity/Fixed, Fixed Income/Intermediate Term Bonds, and Real Estate. During 2012, the fair market value of investments held by the Defined Benefit Pension Plan revealed a net appreciation of \$3,813,333. UBS Financial Services Inc. has calculated the rate of return for the plan year ending December 31, 2012 at 13.07%. This is an increase of 14.17% compared to the (1.10)% rate of return reported in 2011 and .037% higher than the Plan's 2012 Policy index (derived from 35% S&P Index 500, 32% Barclay's Aggregate, 17% MSCI Gross EAFE, 10% Russell 2500, and 6% NAREIT).

Employer contributions to the Plan increased \$465,091 to total \$3,046,895 in 2012. This contribution was approved by the Board of Directors and corresponded to the recommended contribution amount detailed in the 2012 Plan Year Actuarial Valuation performed by Milliman. The comparative increase in the required contribution is primarily attributable to change in actuarial asset method used. The actuarial valuation for the plan year beginning January 1, 2013 recommends a \$2,792,819 contribution to the Pension Trust Fund during 2013.

EAST JEFFERSON GENERAL HOSPITAL
RETIREMENT AND SAVINGS PLANS

MANAGEMENT'S DISCUSSION AND ANALYSIS

Retirement Plan				
Changes in Net Position Held in Trust for Pension Benefits				
	<u>2012</u>	<u>2011</u>	<u>Difference</u>	<u>Difference</u>
Additions:				
Contributions	\$ 3,046,895	\$ 2,581,804	\$ 465,091	18.0%
Investment income (loss)	4,866,843	(159,022)	5,025,865	-
Less: fees	(342,111)	(347,686)	5,575	-1.6%
Total additions	<u>7,571,627</u>	<u>2,075,096</u>	<u>5,496,531</u>	264.9%
Deductions:				
Benefits	3,318,413	3,491,265	(172,852)	-5.0%
Change in net position	4,253,214	(1,416,169)	5,669,383	-
Net position, beginning of year	<u>34,523,311</u>	<u>35,939,480</u>	<u>(1,416,169)</u>	
Net position, end of year	<u><u>\$ 38,776,525</u></u>	<u><u>\$ 34,523,311</u></u>	<u><u>\$ 4,253,214</u></u>	12.3%

The Schedule of Contributions (on page 28) presents historical trend information about the annual required employer contributions and the contributions made in relation to the requirement. The Schedule of Funding Progress (on page 29) includes historical trend information about the actuarially funded status of the plan from an on-going plan perspective and the progress made in accumulating sufficient assets to pay benefits and insurance premiums when due. These schedules provide information that contributes to understanding the changes over time in the funding status of Plan.

Defined Benefit Retirement Plan - 2011 and 2010

The net position held in trust for the Defined Benefit Retirement Plan decreased by \$1,416,169 during the 2011 fiscal year and totaled \$34,523,311 as of December 31, 2011.

While the \$1,200,228 fair market value depreciation of plan investments contributed to a decrease in net position during 2011, investment growth has decreased in comparison to the \$3,445,941 appreciation reported in 2010. This decrease was offset by increases in net position attributable to a \$27,268 increase in total employer contribution and \$160,330 net increase in interest and dividends.

When combined with the effects of a \$27,268 increase in employer contributions, the net position held in trust decreased \$1,416,169 compared to the \$3,759,220 increase reported in 2010.

EAST JEFFERSON GENERAL HOSPITAL
RETIREMENT AND SAVINGS PLANS

MANAGEMENT'S DISCUSSION AND ANALYSIS

Retirement Plan
Net Position Held in Trust for Pension Benefits

	<u>2011</u>	<u>2010</u>	<u>Difference</u>	<u>Difference</u>
Investments	\$ 34,521,866	\$ 35,546,614	\$ (1,024,748)	-2.9%
Receivables	65,234	423,175	(357,941)	-84.6%
Total assets	34,587,100	35,969,789	(1,382,689)	-3.8%
Total liabilities	63,789	30,309	33,480	110.5%
Net position	<u>\$ 34,523,311</u>	<u>\$ 35,939,480</u>	<u>\$ (1,416,169)</u>	-3.9%

The primary investment advisor, UBS Financial Services Inc., monitors and reports regularly on the performance of eight sub-advisors specializing in: Large Cap Equity Value, Small Cap Equity Value, International Equity/Fixed, and Fixed Income/Intermediate Term Bonds. During 2011, the fair market value of investments held by the Defined Benefit Pension Plan revealed a net depreciation of \$1,200,228. UBS Financial Services Inc. has calculated the net time-weighted rate of return for the plan year ending December 31, 2011 at (2.41)%. This is a decrease of 15.62% compared to the 13.21% net time-weighted rate of return reported in 2010 and 8.2% lower than BC Aggregate Bond Index and S&P 500 Index benchmarks combined. The under-performance of the Plan's investment relative to industry benchmarks can mostly be attributed to the (37.54)% returns provided by the Plan's Large Cap Value Manager and the International Equity Income Manager.

Employer contributions to the Plan increased \$27,268 to total \$2,581,804 in 2011. This contribution was approved by the Board of Directors and corresponded to the recommended contribution amount detailed in the 2011 Plan Year Actuarial Valuation performed by Milliman. The comparative increase in the required contribution is primarily attributable to change in actuarial asset method used. The actuarial valuation for the plan year beginning January 1, 2012 recommended a \$3,046,895 contribution to the Pension Trust Fund during 2012.

Retirement Plan
Changes in Net Position Held in Trust for Pension Benefits

	<u>2011</u>	<u>2010</u>	<u>Difference</u>	<u>Difference</u>
Additions:				
Contributions	\$ 2,581,804	\$ 2,554,536	\$ 27,268	1.1%
Investment income (loss)	(159,022)	4,326,817	(4,485,839)	-
Less: fees	(347,686)	(212,822)	(134,864)	63.4%
Total additions	2,075,096	6,668,531	(4,593,435)	-68.9%
Deductions:				
Benefits	3,491,265	2,909,311	581,954	20.0%
Change in net position	(1,416,169)	3,759,220	(5,175,389)	-
Net position, beginning of year	35,939,480	32,180,260	3,759,220	
Net position, end of year	<u>\$ 34,523,311</u>	<u>\$ 35,939,480</u>	<u>\$ (1,416,169)</u>	-3.9%

EAST JEFFERSON GENERAL HOSPITAL
RETIREMENT AND SAVINGS PLANS

MANAGEMENT'S DISCUSSION AND ANALYSIS

CHANGES TO THE DEFINED CONTRIBUTION SAVINGS PLAN STRUCTURE

The Hospital provides Team Members the ability to participate in a number for Retirement Savings Plans as outlined below:

Type of Plan	Type of Contribution	Amount
401(a) Retirement Savings Plan	Hospital Basic Contribution	Team Member receive between 2-5% (percentage tied to tenure)
403(b) Retirement Savings Plan	Team Member Contribution	Up to IRS Limits
	Hospital Basic Contribution	Discretionary; Hospital may contribute dollar for dollar match, up to 2%
457(b) Voluntary Retirement Savings Plan	Team Member Contributions	Up to IRS Limits

VALIC is the plan administrator for all of these retirement savings plans. During the year, the Board of Directors made changes to the investment options offered to participants. Effective December 2012, the 401(a), 403(b), and 457(b) Retirement Savings Plans investment options for participants are:

<u>Asset Category</u>	<u>Fund Name</u>
Money Market	Vanguard Prime Money Market
Large Value	Dodge & Cox Stock
Large Value	Invesco Growth and Income
Large Blend	Dreyfus S&P 500 Index
Large Growth	Mainstay Large Cap Growth
Mid-Cap Value	Artisan Mid Cap Value
Mid-Cap Blend	Dreyfus Midcap Index
Mid-Cap Growth	Columbia Acorn
Small Blend	Columbia Small Cap Core
Small Blend	Goldman Sachs Small Cap Value
Small Growth	JP Morgan Small Cap Growth
World Stock	American Funds Capital World Growth & Income
Foreign Large Blend	American Funds EuroPacific Growth
Moderate Allocation	American Funds American Balanced
Lifestyle Funds	Target Maturity – T Rowe Price
Intermediate-Term Bond	PIMCO Total Return
Stable Value	VALIC Fixed Interest Option
Real Estate	Manager's Real Estate Securities Fund

In November, 2012, the Board of Directors approved the addition of the Manager's Real Estate Securities Fund as an investment Option.

EAST JEFFERSON GENERAL HOSPITAL
RETIREMENT AND SAVINGS PLANS

MANAGEMENT'S DISCUSSION AND ANALYSIS

In December 2012, the Board of Directors approved funding the 2012 Hospital Matching Contribution to the Employee 403(b) Retirement Savings Plan during the first quarter of 2013. The cost of Matching the Employee Contribution for 2012 is \$1,914,072.

FINANCIAL ANALYSIS – SAVINGS PLANS

Defined Contribution Savings Plans - 2012 and 2011

The net position held in trust for the combined Savings Plan administered by East Jefferson General Hospital increased by \$16,437,004 during the 2012 fiscal year. Net appreciation of \$10,092,781 was the main force behind the increase in net position. Combined investment in, net of investment advisory fees, totaled \$13,719,590 in 2012. Total withdrawals, benefits paid, and forfeitures were \$10,692,688 for the year.

	2012	2011	Difference	Difference
Investments	\$ 129,138,417	\$ 113,789,691	\$ 15,348,726	13.5%
Receivables	5,445,874	4,357,596	1,088,278	25.0%
Total assets	134,584,291	118,147,287	16,437,004	13.9%
Plan net assets	<u>\$ 134,584,291</u>	<u>\$ 118,147,287</u>	<u>\$ 16,437,004</u>	13.9%

Total contributions to the Savings Plans decreased by \$977,913 to total \$13,410,102. Employer and Team Member contributions decreased \$405,558 and \$572,355, respectively, when compared to 2011. In 2012, Team-members contributions to the 403(b) plan decreased by \$579,798, and team-members contributions to the 457(b) plan increased by \$7,443. The 403(b) contribution decrease is mostly attributed to the decrease in the number of active participants.

Savings Plans
Changes in Plan Net Assets Available for Benefits

	2012	2011	Difference	Difference
Additions:				
Contributions	\$ 13,410,102	\$ 14,388,015	\$ (977,913)	-6.8%
Investment income (loss)	13,768,805	(1,093,701)	14,862,506	-
Less: fees	(49,215)	(3,246)	(45,969)	1416.2%
Total additions	<u>27,129,692</u>	<u>13,291,068</u>	<u>13,838,624</u>	104.1%
Deductions:				
Benefits	10,267,677	12,564,876	(2,297,199)	-18.3%
Forfeitures	425,011	763,763	(338,752)	-44.4%
Total deductions	<u>10,692,688</u>	<u>13,328,639</u>	<u>(2,635,951)</u>	-19.8%
Change in plan net assets	16,437,004	(37,571)	16,474,575	-
Plan net assets, beginning of year	118,147,287	118,184,858	(37,571)	
Plan net assets, end of year	<u>\$ 134,584,291</u>	<u>\$ 118,147,287</u>	<u>\$ 16,437,004</u>	13.9%

EAST JEFFERSON GENERAL HOSPITAL
RETIREMENT AND SAVINGS PLANS

MANAGEMENT'S DISCUSSION AND ANALYSIS

Defined Contribution Savings Plans - 2011 and 2010

The net position held in trust for the combined Savings Plan administered by East Jefferson General Hospital decreased by \$37,571 during the 2011 fiscal year. Net depreciation of \$3,966,069 was the main force behind the decrease in net position. Combined investment loss, net of investment advisory fees, totaled \$1,096,947 in 2011. Total withdrawals, benefits paid, and forfeitures were \$13,328,639 for the year.

	2011	2010	Difference	Difference
Investments	\$ 113,789,691	\$ 113,870,171	\$ (80,480)	-0.1%
Receivables	4,357,596	4,314,687	42,909	1.0%
Total assets	118,147,287	118,184,858	(37,571)	0.0%
Plan net assets	<u>\$ 118,147,287</u>	<u>\$ 118,184,858</u>	<u>\$ (37,571)</u>	0.0%

Total contributions to the Savings Plans increased by \$48,692 to total \$14,388,015. Employer and Team Member contributions increased \$18,637 and \$30,055, respectively, when compared to 2010. In 2011, Team-members contributions to the 403(b) plan decreased by \$16,302, and team-members contributions to the 457(b) plan increased by \$46,357. The 403(b) contribution decrease is mostly attributed to the decrease in the participation rate of active team-members and an increase in non-active team-members.

Savings Plans
Changes in Plan Net Assets Available for Benefits

	2011	2010	Difference	Difference
Additions:				
Contributions	\$ 14,388,015	\$ 14,339,323	\$ 48,692	0.3%
Investment income (loss)	(1,093,701)	11,423,165	(12,516,866)	-
Less: fees	(3,246)	(2,851)	(395)	13.9%
Total additions	<u>13,291,068</u>	<u>25,759,637</u>	<u>(12,468,569)</u>	-48.4%
Deductions:				
Benefits	12,564,876	9,111,477	3,453,399	37.9%
Forfeitures	763,763	1,278,456	(514,693)	-40.3%
Total deductions	<u>13,328,639</u>	<u>10,389,933</u>	<u>2,938,706</u>	28.3%
Change in plan net assets	(37,571)	15,369,704	(15,407,275)	-
Plan net assets, beginning of year	118,184,858	102,815,154	15,369,704	
Plan net assets, end of year	<u>\$ 118,147,287</u>	<u>\$ 118,184,858</u>	<u>\$ (37,571)</u>	0.0%

EAST JEFFERSON GENERAL HOSPITAL
RETIREMENT AND SAVINGS PLANS

MANAGEMENT'S DISCUSSION AND ANALYSIS

EJGH RETIREMENT AND SAVINGS PLANS AS A WHOLE

During the year ended December 31, 2012, East Jefferson General Hospital's combined plan net position increased \$20,690,218 to total \$173,360,816. The observed increase in the plan assets is mainly attributable to positive returns on investments and decreases in benefit payments and savings plan withdrawals. The 403(b) Plan active participants decreased by 4.8% (108 participants) to total 2,148 at year end, and total contributions for the defined benefit and defined contribution plans decreased \$512,822 to total \$16,456,997. New enrollments to the Savings Plan decreased by 13.2% to total 190.

During the year ended December 31, 2011, East Jefferson General Hospital's combined plan net position decreased \$1,453,740 to total \$152,670,598. The observed downturn in the plan assets was mainly attributable to negative returns on investments and increases in benefit payments and savings plan withdrawals. The 403(b) Plan active participants decreased by 3% (67 participants) to total 2,256 at year end, and total contributions for the defined benefit and defined contribution plans increased \$75,960 to total \$16,969,819. New enrollments to the Savings Plan increased by 41% to total 219.

REQUESTS FOR INFORMATION

Questions concerning any of the information provided or requests for additional financial information should be addressed to George Kruger, Chief Financial Officer, (504) 454-4862 East Jefferson General Hospital, 4200 Houma Boulevard, Metairie, Louisiana 70006.

EAST JEFFERSON GENERAL HOSPITAL
RETIREMENT AND SAVINGS PLANS
STATEMENTS OF PLAN NET POSITION
DECEMBER 31, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
<u>ASSETS</u>		
Receivables:		
Accrued interest and dividends	\$ 50,229	\$ 65,234
Contributions receivable:		
Employee	700,362	303,572
Employer	<u>4,745,512</u>	<u>4,054,024</u>
Total receivables	<u>5,496,103</u>	<u>4,422,830</u>
Investments, at fair value:		
Cash equivalents	1,171,968	1,123,777
Debt Securities	6,370,364	6,465,961
Equities	25,885,501	21,248,349
Mutual funds	134,441,290	119,283,720
Investment in partnership	<u>68,194</u>	<u>189,750</u>
Total investments	<u>167,937,317</u>	<u>148,311,557</u>
Total assets	<u>173,433,420</u>	<u>152,734,387</u>
<u>LIABILITIES</u>		
Accounts payable	<u>72,604</u>	<u>63,789</u>
Total liabilities	<u>72,604</u>	<u>63,789</u>
NET POSITION - RESTRICTED FOR PENSION BENEFITS	<u>\$ 173,360,816</u>	<u>\$ 152,670,598</u>

The accompanying notes are in integral part of these statements.

EAST JEFFERSON GENERAL HOSPITAL
RETIREMENT AND SAVINGS PLANS
STATEMENTS OF CHANGES IN PLAN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
<u>ADDITIONS:</u>		
Contributions:		
Members	\$ 8,246,475	\$ 8,818,830
Employer	8,210,522	8,150,989
Total contributions	<u>16,456,997</u>	<u>16,969,819</u>
Investment income:		
Interest	1,020,724	1,691,202
Dividends	3,708,810	2,222,372
Net appreciation (depreciation) in fair value of investments	<u>13,906,114</u>	<u>(5,166,297)</u>
	18,635,648	(1,252,723)
Less:		
Investment advisory services	325,386	292,747
Custodial fees	<u>65,940</u>	<u>58,185</u>
Net investment income (loss)	<u>18,244,322</u>	<u>(1,603,655)</u>
Total additions	<u>34,701,319</u>	<u>15,366,164</u>
<u>DEDUCTIONS:</u>		
Retirement benefits paid and savings plan withdrawals	13,586,090	16,056,141
Forfeitures of non-vested contributions	<u>425,011</u>	<u>763,763</u>
Total deductions	<u>14,011,101</u>	<u>16,819,904</u>
NET INCREASE (DECREASE)	20,690,218	(1,453,740)
NET POSITION - RESTRICTED FOR PENSION BENEFITS		
Beginning of year	<u>152,670,598</u>	<u>154,124,338</u>
End of year	<u>\$ 173,360,816</u>	<u>\$ 152,670,598</u>

The accompanying notes are in integral part of these statements.

EAST JEFFERSON GENERAL HOSPITAL
RETIREMENT AND SAVINGS PLANS

NOTES TO FINANCIAL STATEMENTS

1. Description of the Plans

General

The East Jefferson General Hospital Retirement Plan and Savings Plan Committee is the administrator of a single-employer defined benefit retirement plan and hospital sponsored defined contribution savings plans. The Plans were established for the purpose of providing retirement benefits for substantially all employees of East Jefferson General Hospital (Hospital).

Defined Benefit Retirement Plan

All full-time employees hired or re-hired prior to January 1, 2005 who are at least age 21 with at least one year of credited service are eligible to participate in the Plan. Plan benefits vest after 5 years of credited service. Employees who retire at, or after, age 62 with 5 years of credited service are entitled to an annual retirement benefit, payable monthly for life, unless the present value amount of accumulated benefits are under \$8,500. In these instances, the employer has the option to distribute benefits to the employee in a lump sum payment. The Plan also provides early retirement benefits at reduced amounts at age 55 with 10 years of service. The Plan also provides death benefits depending upon the payment option elected. This benefit provision and all other requirements are established by the Plan. In January 2005, a resolution was adopted to freeze the defined benefit plan effective April 1, 2005. Non-vested employees hired prior to January 1, 2005 will continue to vest in the plan, pending continual employment through the vesting date.

Membership in the Plan as of the last actuarial valuation consists of January 1:

	<u>2013</u>	<u>2012</u>
Retirees and beneficiaries receiving benefits	729	689
Terminated employees entitled to benefits but not yet receiving them	1,726	1,712
Active employees	784	849
Total Participants	<u>3,239</u>	<u>3,250</u>

Pension Benefits

The annual benefit at normal retirement will be equal to the benefit accrued through December 31, 1988 under the previous pension plan formula plus, for each year after 1988, benefits accrued under a new formula. Under the formula, benefits accrued at 0.75% of participant's annual pay up to a designated "breakpoint" and at 0.5% of annual pay in excess of the breakpoint. Benefits ceased to accrue effective April 1, 2005 with the freezing of the Plan as of that date.

The pension benefits will be fully vested after five credited years of employment with the Hospital (counting all prior service). Prior service counts for vesting purposes for terminated employees rehired within five years that were not fully vested at termination.

EAST JEFFERSON GENERAL HOSPITAL
RETIREMENT AND SAVINGS PLANS
NOTES TO FINANCIAL STATEMENTS

1. **Description of the Plans (continued)**

Defined Benefit Retirement Plan (continued)

At retirement, the participant may choose to receive a monthly benefit amount in one of several annuity forms – life annuity, joint and survivor annuity, and ten year certain and life annuity.

Death Benefits

If a participant dies after becoming vested, the surviving spouse will receive a monthly benefit from the plan. This benefit is only available to the surviving spouse and will be payable at the time the participant would have qualified for early retirement, unless the spouse elects to defer payments to a later date.

Contributions

The Plan's funding policy provides for actuarially determined periodic contributions.

The actuarially recommended contribution for the plan years ending December 31, 2012 and 2011 is shown below.

Valuation date	January 1, 2012	January 1, 2011
Plan year	2012	2011
Annual contribution:		
As a dollar amount	\$ 3,046,895	\$ 2,581,804
As a percent of payroll	6.54%	4.91%
Participant payroll	\$ 46,621,480	\$ 52,622,311

Defined Contribution Savings Plans

The Savings Plans include a 401(a) plan that was frozen to new participants effective December 31, 2003 and reactivated in 2007. The Savings Plans also includes a 403(b) plan and a 457(b) plan that were established effective January 1, 2004.

The 401(a) plan covers all full-time employees who have been employed for a twelve-month period during which at least one thousand hours of service are completed and who are at least twenty-one years of age. With the exception of leased employees, all employees at least 21 years of age are eligible to make elective deferrals under the 403(b) plan. All full and part-time employees are eligible for employer contributions under the 403(b) plan after attaining age 21 and completing one month of employment. All employees are eligible to participate in the 457(b) plan.

The 403(b) Special Plan was terminated effective May 15, 2011.

EAST JEFFERSON GENERAL HOSPITAL
RETIREMENT AND SAVINGS PLANS

NOTES TO FINANCIAL STATEMENTS

1. Description of the Plans (continued)

Defined Contribution Savings Plans (continued)

The number of participants in each of the savings plans (active and inactive) as of December 31 is as follows:

	<u>2012</u>	<u>2011</u>
401(a)	3,629	3,659
403(b)	3,557	3,588
457(b)	744	725

Contributions

The 403(b) plan allows for employee elective deferrals to be made up to the limits allowed by the IRS. Effective April 2005, employer basic contribution increases in 0.5% increments for every five years of credited service. The initial base contribution is 2% for less than five years of service. Matching employer contributions are made at a rate equal to 100% of the elective deferral of each employee up to 2%. Effective in 2006, the plan was amended to change the Hospital's funding to an annual basis, from pay period, and allows for confirmation of an employee's eligibility. Effective January 1, 2011, the plan was amended to convert the matching contribution to a discretionary contribution, which would provide the employer the option of funding the matching contribution in whole or in part on an annual basis.

The 457(b) plan allows employee elective deferrals up to the annual limits allowed by the IRS. No employer contributions are made to this plan.

The 401(a) plan was frozen effective December 31, 2003 and reactivated during 2007. During this period of time, the Hospital discontinued providing the Hospital Basic contributions to the 403(b) plan and began funding these contributions to the 401(a) plan. The Hospital Basic Contribution percentage amounts are provided to participants according to their Benefit Service Date. The participants' voluntary pre-tax deductions and the Hospital Matching Contributions continue to be funded to the 403(b) plan.

EAST JEFFERSON GENERAL HOSPITAL
RETIREMENT AND SAVINGS PLANS

NOTES TO FINANCIAL STATEMENTS

1. Description of the Plans (continued)

Defined Contribution Savings Plans (continued)

The employer contribution percentages for the 401(a) plan by Benefit Service Date are as follows:

<u>Number of Years</u>	<u>Contribution %</u>
0 to 5	2.0%
5+ to 10	2.5%
10+ to 15	3.0%
15+ to 20	3.5%
20+ to 25	4.0%
25+	5.0%

Participants' Accounts

Participants in the Savings Plans have separate accounts for each of the Plans. Each participant's account is credited with the Hospital's contribution, if applicable, and Plan earnings. Allocation of the Hospital's contributions is based on Plan compensation. Compensation for Plan purposes is the employee's eligible annual compensation as specified in the plan document.

Vesting

The participant is one hundred percent vested in Hospital contributions after the completion of five credited years of vesting service and upon death, disability or termination of the Savings Plans. Vesting status is not pro-rated for the other defined contribution plans. For this purpose, participants earn one year of vesting service for each year in which they work one thousand hours or more. Any contributions made by participants for the Savings Plans, and earnings on those contributions, are one hundred percent vested to the participants when made.

Withdrawals and Distributions

Participants are allowed to withdraw their own contributions from the 401(a) plan. Hospital contributions may not be withdrawn. Withdrawals are limited to one per calendar year. No contributions may be made to the plan for a six-month period after a withdrawal, and during those six months the participant is ineligible to receive the Hospital's matching contributions.

Only hardship withdrawals are allowed for the 403(b) and 457(b) plans. VALIC determines if a participant is eligible for a hardship withdrawal based on IRS Section 457(d)(1)(A)(iii) of the Code.

EAST JEFFERSON GENERAL HOSPITAL
RETIREMENT AND SAVINGS PLANS

NOTES TO FINANCIAL STATEMENTS

1. Description of the Plans (continued)

Defined Contribution Savings Plans (continued)

Loans are not permitted under the terms of the Savings Plans.

Upon termination of employment for resignation, dismissal, retirement, or death, the participant's contributions plus the vested portion of the Hospital's contributions, and the related earnings may be distributed to the participant or his/her designated beneficiary. In addition, the employee may remain in the Plan, request a rollover distribution, or a distribution in the form of a lump sum or annuity provided by the investment advisor.

Forfeitures

Basic and matching deposits in the account of a participant who separates from service prior to becoming vested are forfeited and used to reduce Hospital contributions.

If a participant returns to service within five years, the dollar amount forfeited is restored to his account.

During the years ended December 31, 2012 and 2011 the 401(a) plan used \$303,970 and 502,361 respectively in forfeitures to offset employer contributions. During the years ended December 31, 2012 and 2011 the 403(b) plan used \$121,041 and \$261,402 in forfeitures to offset employer contributions.

2. Summary of Significant Accounting Policies

The financial statements are presented in accordance with standards established by the Governmental Accounting Standards Boards (GASB). These financial statements include the provisions of GASB Statement No. 34, Basic Financial Statement and Management's Discussion and Analysis for State and Local Governments and related standards.

Basis of Accounting

The Plan's financial statements are prepared using the accrual basis of accounting. Employee and employer contributions are recognized in the period in which the employee is compensated for services performed. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Interest and dividend income is recognized when earned.

Method Used to Value Investments

Investments are reported at fair value, based on quoted market prices, short-term investments are reported at cost and insurance contracts at contract value, which approximates fair value.

EAST JEFFERSON GENERAL HOSPITAL
RETIREMENT AND SAVINGS PLANS

NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies (continued)

Use of Estimates

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

Tax Status

Both the retirement plan and 401(a) plan have obtained favorable determination letters. Although those plans have been subsequently amended, it is believed that they are being operated in compliance with the applicable requirements of the Internal Revenue Code. The 403(b) and 457(b) plans are proto type plans that have been designed to meet the requirements of the Internal Revenue Code.

3. Deposits, Cash Equivalents and Investments

Following are the components of the Plan's cash equivalents and investments at December 31, 2012 and 2011.

	Defined Benefit Retirement Plan	Savings Plans	Total
<u>2012</u>			
Cash equivalents	\$ 1,171,968	\$ -	\$ 1,171,968
Investments	37,626,932	129,138,417	166,765,349
	<u>\$ 38,798,900</u>	<u>\$ 129,138,417</u>	<u>\$ 167,937,317</u>
	Defined Benefit Retirement Plan	Savings Plans	Total
<u>2011</u>			
Cash equivalents	\$ 1,123,777	\$ -	\$ 1,123,777
Investments	33,398,089	113,789,691	147,187,780
	<u>\$ 34,521,866</u>	<u>\$ 113,789,691</u>	<u>\$ 148,311,557</u>

**EAST JEFFERSON GENERAL HOSPITAL
RETIREMENT AND SAVINGS PLANS**

NOTES TO FINANCIAL STATEMENTS

3. Deposits, Cash Equivalents and Investments (continued)

Cash Equivalents

The cash equivalents totaling \$1,171,968 and \$1,123,777 at December 31, 2012 and 2011, respectively, consist of government backed pooled funds. The funds are held by a sub-custodian and are managed by a separate money manager and are in the name of the custodian's trust department.

Investments

Hospital service districts are authorized under Louisiana R.S. 46:1068 to establish and maintain actuarially sound pension and retirement systems making contributions from hospital service district funds. They may make contracts of insurance with any insurance company legally authorized to do business in Louisiana and may enter into other contracts and Trust Agreements with banks, which are incidental to creating and maintaining an actuarially sound pension and retirement system. At December 31, 2012 and 2011, the Retirement Plan's investments were held by Comerica. The Savings Plans' investments are held by VALIC.

Concentration of Credit Risk

Concentration of credit risk is defined as the risk of loss attributed to the magnitude of the Plan's investment in a single issuer. The Plans' investment policy states that no more than 5% (of cost) of the assets assigned to an investment manager may be invested in the securities of one issuer. At December 31, 2012 and 2011, there were no investment holdings that exceeded the Plan's concentration of credit risk policy.

Credit Risk

Credit risk is defined as the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Plans have no formal investment policy regarding credit risk. Credit ratings of the Plan's investments in long-term debt securities as of December 31, 2012 and 2011 are as follows:

2012

Investment Type	U.S. Government and Government Agency	Mortgage Backed Securities	Total
Aaa	\$ 4,350,664	\$ -	\$ 4,350,664
Not Rated	-	2,019,700	2,019,700
	<u>\$ 4,350,664</u>	<u>\$ 2,019,700</u>	<u>\$ 6,370,364</u>

EAST JEFFERSON GENERAL HOSPITAL
RETIREMENT AND SAVINGS PLANS
NOTES TO FINANCIAL STATEMENTS

3. Deposits, Cash Equivalents and Investments (continued)

2011

Investment Type	U.S. Government and Government Agency	Mortgage Backed Securities	Total
Aaa	\$ 4,374,274	\$ -	\$ 4,374,274
Not Rated	-	2,091,687	2,091,687
	<u>\$ 4,374,274</u>	<u>\$ 2,091,687</u>	<u>\$ 6,465,961</u>

Custodial Credit Risk

Custodial credit risk is defined as the risk that, in the event of the failure of the counterparty, the Plans will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The Plans hold its cash equivalents in a nominee name in the amount of \$1,171,968 and 1,123,777 at December 31, 2012 and 2011, respectively. The Plans have assets in the amount of \$166,765,349 and \$147,187,780 for December 31, 2012 and 2011, respectively, which are not held in a nominee name or in the name of the Plans and therefore exposed to custodial credit risk. These assets are held in Comerica and VALIC custodial accounts.

Interest Rate Risk

Interest rate risk is defined as the risk that changes in the interest rates will adversely affect the fair value of an investment. As of December 31, 2012 and 2011, the Plan had the following investments in long-term debt securities and maturities:

2012

Investment Type	Fair Value	Less than 1	1 - 5	6 - 10	Greater than 10
U.S. Government and Government Agency	\$ 4,350,664	\$ -	\$ 1,619,349	\$ 2,091,832	\$ 639,483
Mortgage Backed	2,019,700	-	-	-	2,019,700
	<u>\$ 6,370,364</u>	<u>\$ -</u>	<u>\$ 1,619,349</u>	<u>\$ 2,091,832</u>	<u>\$ 2,659,183</u>

2011

Investment Type	Fair Value	Less than 1	1 - 5	6 - 10	Greater than 10
U.S. Government and Government Agency	\$ 4,374,274	\$ 925,662	\$ 1,211,080	\$ 1,310,697	\$ 926,835
Mortgage Backed	2,091,687	-	-	-	2,091,687
	<u>\$ 6,465,961</u>	<u>\$ 925,662</u>	<u>\$ 1,211,080</u>	<u>\$ 1,310,697</u>	<u>\$ 3,018,522</u>

The Plans have no formal investment policy regarding interest rate risk.

The Plans invest in collateralized mortgage obligations. These securities are based on cash flows from interest payments on underlying mortgages. Therefore, they are sensitive to prepayments by mortgagees, which may result from a decline in interest rates.

EAST JEFFERSON GENERAL HOSPITAL
RETIREMENT AND SAVINGS PLANS

NOTES TO FINANCIAL STATEMENTS

3. Deposits, Cash Equivalents and Investments (continued)

Investment in Partnership

At December 31, 2012 and 2011, the Retirement Plan was invested in Equitas Evergreen Fund, L.P. As of December 31, 2012, the investment in Equitas Evergreen Fund, L.P. had a cost basis of \$228,268 and a market value of \$68,194. As of December 31, 2011, the investment in Equitas Evergreen Fund, L.P. had a cost basis of \$269,537 and a market value of \$189,750.

4. Savings Plan Funds

During the year ended December 31, 2004 agreements with VALIC were obtained for each of the Savings Plans. The hospital invests each participant's deferred compensation as directed by the employee. The investments are generally mutual funds; however, the plan documents provide for other types of investments. The responsibility for the selection of the investment alternatives has been retained by the Hospital.

The funds are included in the financial statements as December 31, 2012 and 2011 at fair market value.

5. Actuarial Cost Method

The Traditional Unit Credit Cost Method was used to calculate the funding requirements for the defined benefit retirement plan for the years ended December 31, 2012 and 2011. Under this cost method, the normal cost of active participants under normal retirement age is equal to the actuarial present value of the benefit expected to accrue during the next year, taking into account pension, termination, death, and disability benefits. The normal cost for the plan is the total of the individually computed normal cost for all participants.

The funding cost of the Plan is derived by making certain specific assumptions as to rates of interest, mortality, and turnover which are assumed to hold for many years into the future.

6. Funded Status and Funding Progress – Retirement Plan

The funded status of the Plan as of December 31, 2012 and 2011, respectively, is based on the most recent actuarial valuation as follows:

Valuation Date January 1	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Accrued Unfunded AAL	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
2013	\$ 38,780,935	\$ 71,765,206	\$ 32,984,271	54.0	\$ 44,841,780	73.6
2012	\$ 34,587,098	\$ 70,572,102	\$ 35,985,004	49.0	\$ 46,621,480	77.2

EAST JEFFERSON GENERAL HOSPITAL
RETIREMENT AND SAVINGS PLANS

NOTES TO FINANCIAL STATEMENTS

6. Funded Status and Funding Progress – Retirement Plan (continued)

The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

The required schedule of funding progress following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. Additional information for the actuarial valuation is as follows:

Plan Year	<u>2012</u>	<u>2011</u>
Valuation Date	January 1, 2013	January 1, 2012
Actuarial Cost Method	Traditional Unit Credit	Traditional Unit Credit
Asset Valuation Method	Market Value	Market Value
Actuarial Assumptions:		
Investment Rate of Return	7.5% per annum	7.5% per annum
Amortization Method	Level Dollar	Level Dollar
Amortization Period	30 years remaining (Open Basis)	30 years remaining (Open Basis)
Salary Increase Rate	0%	0%

7. Plan Termination

Although it has not expressed any intent to do so, the Hospital has the right under the Plans to discontinue its contributions at any time and to terminate the Plans.

8. Required Supplementary Schedules

Information in the required supplemental schedules is designed to provide information about the Defined Benefit Retirement Plan's progress made in accumulating sufficient assets to pay benefits and is presented on pages 28-29.

**EAST JEFFERSON GENERAL HOSPITAL
RETIREMENT AND SAVINGS PLANS
COMBINING STATEMENTS OF PLAN NET POSITION
DECEMBER 31, 2012 AND 2011**

	2012						2011						
	Defined Benefit Retirement Plan	Defined Contribution Savings Plans			Total Defined Contribution Savings Plans	Total	Defined Benefit Retirement Plan	Defined Contribution Savings Plans				Total Defined Contribution Savings Plans	Total
		401(a)	403(b)	457(b)				401(a)	403(b) Special	403(b)	457(b)		
ASSETS													
Receivables:													
Accrued interest and dividends	\$ 50,229	\$ -	\$ -	\$ -	\$ -	\$ 50,229	\$ 65,234	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 65,234
Contributions receivable:													
Employee	-	-	535,546	164,816	700,362	700,362	-	-	-	230,035	73,537	303,572	303,572
Employer	-	2,943,295	1,802,217	-	4,745,512	4,745,512	-	2,680,425	-	1,373,599	-	4,054,024	4,054,024
Total receivables	50,229	2,943,295	2,337,763	164,816	5,445,874	5,496,101	65,234	2,680,425	-	1,603,634	73,537	4,357,596	4,422,830
Investments, at fair value:													
Cash equivalents	1,171,968	-	-	-	-	1,171,968	1,123,777	-	-	-	-	-	1,123,777
Debt Securities	6,370,364	-	-	-	-	6,370,364	6,465,961	-	-	-	-	-	6,465,961
Equities	25,985,591	-	-	-	-	25,985,591	21,248,349	-	-	-	-	-	21,248,349
Mutual funds	5,302,873	49,594,497	65,891,400	13,652,520	129,138,417	134,441,290	5,494,029	46,361,892	-	56,271,531	11,156,268	113,789,691	119,283,720
Investment in partnership	68,194	-	-	-	-	68,194	189,750	-	-	-	-	-	189,750
Total investments	38,798,990	49,594,497	65,891,400	13,652,520	129,138,417	167,937,317	34,521,866	46,361,892	-	56,271,531	11,156,268	113,789,691	148,111,557
Total assets	38,849,129	52,537,792	68,229,163	13,817,336	134,584,291	173,483,420	34,587,100	49,042,317	-	57,875,165	11,229,805	118,147,287	152,734,387
LIABILITIES													
Accounts payable	72,604	-	-	-	-	72,604	63,789	-	-	-	-	-	63,789
Total liabilities	72,604	-	-	-	-	72,604	63,789	-	-	-	-	-	63,789
NET POSITION - RESTRICTED FOR PENSION BENEFITS	\$ 38,776,525	\$ 52,537,792	\$ 68,229,163	\$ 13,817,336	\$ 134,584,291	\$ 173,360,816	\$ 34,523,311	\$ 49,042,317	\$ -	\$ 57,875,165	\$ 11,229,805	\$ 118,147,287	\$ 152,670,598

See independent auditors' report.

**EAST JEFFERSON GENERAL HOSPITAL
RETIREMENT AND SAVINGS PLANS
COMBINING STATEMENTS OF CHANGES IN PLAN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

	2012						2011						
	Defined Benefit Retirement	Defined Contribution Savings Plans			Total Defined Contribution Savings Plans	Total	Defined Benefit Retirement	Defined Contribution Savings Plans			Total Defined Contribution Savings Plans	Total	
	Plan	401(a)	403(b)	457(b)	403(b)		401(a)	Special	403(b)	457(b)			
ADDITIONS:													
Contributions:													
Members	\$ -	\$ -	\$ 6,346,820	\$ 1,899,655	\$ 8,246,475	\$ 8,246,475	\$ -	\$ -	\$ -	\$ 6,926,618	\$ 1,892,212	\$ 8,818,830	\$ 8,818,830
Employer	3,046,895	3,240,368	1,923,259	-	5,163,627	8,210,522	2,581,804	3,659,037	-	1,910,148	-	5,569,185	8,150,989
Total contributions	3,046,895	3,240,368	8,270,079	1,899,655	13,410,102	16,456,997	2,581,804	3,659,037	-	8,836,766	1,892,212	14,388,015	16,969,819
Investment income:													
Interest	160,374	398,878	400,075	61,397	860,350	1,020,724	656,871	491,687	1,157	471,260	70,227	1,034,331	1,691,202
Dividends	893,136	1,033,578	1,443,579	338,517	2,815,674	3,708,810	384,335	711,410	-	918,518	208,109	1,838,037	2,222,372
Net appreciation (depreciation) in fair value of investments	3,813,333	3,725,335	5,247,499	1,119,947	10,092,781	13,906,114	(1,200,228)	(1,283,637)	1,061	(2,226,712)	(476,781)	(3,966,069)	(5,166,297)
	4,866,843	5,157,791	7,091,153	1,519,861	13,768,805	18,635,648	(159,022)	(60,540)	2,218	(836,934)	(198,445)	(1,093,701)	(1,252,723)
Less:													
Investment advisory services	325,386	-	-	-	-	325,386	292,747	-	-	-	-	-	292,747
Custodial fees	16,725	17,380	27,620	4,215	49,215	65,940	54,939	-	-	-	3,246	3,246	58,185
Net investment income (loss)	4,524,732	5,140,411	7,063,533	1,515,646	13,719,590	18,244,322	(506,708)	(60,540)	2,218	(836,934)	(201,691)	(1,096,947)	(1,603,655)
Total additions	7,571,627	8,380,779	15,333,612	3,415,301	27,129,692	34,701,319	2,075,096	3,598,497	2,218	7,999,832	1,690,521	13,291,068	15,366,164
DEDUCTIONS:													
Retirement benefits paid and savings plan withdrawals	3,318,413	4,581,334	4,858,573	827,770	10,267,677	13,586,090	3,491,265	5,115,801	162,388	5,958,499	1,328,188	12,564,876	16,056,141
Forfeitures of non-vested contributions	-	303,970	121,041	-	425,011	425,011	-	502,361	-	261,402	-	763,763	763,763
Total deductions	3,318,413	4,885,304	4,979,614	827,770	10,692,688	14,011,101	3,491,265	5,618,162	162,388	6,219,901	1,328,188	13,328,639	16,819,904
NET INCREASE (DECREASE)	4,253,214	3,495,475	10,353,998	2,587,531	16,437,004	20,690,218	(1,416,169)	(2,019,665)	(160,170)	1,779,931	362,333	(37,571)	(1,453,740)
NET POSITION - RESTRICTED FOR PENSION BENEFITS													
Beginning of year	34,523,311	49,042,317	57,875,165	11,229,805	118,147,287	152,670,598	35,939,480	51,061,982	160,170	56,095,234	10,867,472	118,184,858	154,124,338
End of year	\$ 38,776,525	\$ 52,537,792	\$ 68,229,163	\$ 13,817,336	\$ 134,584,291	\$ 173,360,816	\$ 34,523,311	\$ 49,042,317	\$ -	\$ 57,875,165	\$ 11,229,805	\$ 118,147,287	\$ 152,670,598

See independent auditors' report

EAST JEFFERSON GENERAL HOSPITAL
RETIREMENT AND SAVINGS PLANS
SUPPLEMENTARY INFORMATION (RETIREMENT PLAN)
SCHEDULE OF EMPLOYER CONTRIBUTIONS
DECEMBER 31, 2003 THROUGH 2012

<u>Year Ended</u> <u>December 31</u>	<u>Annual</u> <u>Required</u> <u>Contribution</u>	<u>Percentage</u> <u>Contributed</u>
2003	\$ 3,476,412	100 %
2004	2,953,227	100
2005	1,444,309	100
2006	1,484,628	100
2007	1,497,719	100
2008	1,413,042	100
2009	1,851,102	100
2010	2,554,536	100
2011	2,581,804	100
2012	3,046,895	100

See independent auditors' report.

EAST JEFFERSON GENERAL HOSPITAL
RETIREMENT AND SAVINGS PLANS
SUPPLEMENTARY INFORMATION (RETIREMENT PLAN)
SCHEDULE OF FUNDING PROGRESS
DECEMBER 31, 2003 THROUGH 2012

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
1/1/2004	\$ 32,338,261	\$ 46,598,037	\$ 14,259,776	69.4 %	\$ 80,774,461	17.7 %
1/1/2005	34,833,733	50,355,490	15,521,757	69.2	88,164,146	17.6
1/1/2006	34,719,918	50,674,981	15,955,063	68.5	69,325,248	23.0
1/1/2007	36,954,546	53,050,297	16,095,751	69.7	69,482,662	23.2
1/1/2008	39,790,947	54,976,707	15,185,760	72.4	67,011,684	22.7
1/1/2009	37,047,904 ^a	56,941,416	19,893,512	65.1	61,093,503	32.6
1/1/2010	32,249,681 ^b	59,702,876	27,453,195	54.0	57,757,738	47.5
1/1/2011	35,969,789	65,035,180 ^c	29,065,391	55.3	52,622,311	55.2
1/1/2012	34,587,098	70,572,102 ^d	35,985,004	49.0	46,621,480	77.2
1/1/2013	38,780,935	71,765,206	32,984,271	54.0	44,841,780	73.6

- a Effective with the 1/1/2009 actuarial valuation, the actuarial value of assets recognizes the difference between expected and actual net investment return over 3 years. (3-year smoothing)
- b Effective with the 1/1/2010 actuarial valuation, the actuarial value of assets is set equal to the market value of assets, thus fully recognizing gains/losses from previous years.
- c Effective with the 1/1/2011 actuarial valuation, the valuation interest rate was lowered from 8.5% to 8.0%, resulting in an increase in the actuarial accrued liability from \$61,610,221 to \$65,035,180.
- d Effective with the 1/1/2012 actuarial valuation, the valuation interest rate was lowered from 8.0% to 7.5%, resulting in an increase in the actuarial accrued liability from \$66,839,679 to \$70,572,102.

See independent auditors' report.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING
STANDARDS***

The Board of Directors
East Jefferson General Hospital

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the East Jefferson General Hospital Retirement and Savings Plans (the Plans) as of and for the years ended December 31, 2012 and 2011, and the related notes to the financial statements, which collectively comprise the Plans' basic financial statements, and have issued our report thereon dated April 30, 2013.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Plans' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Plans' internal control. Accordingly, we do not express an opinion on the effectiveness of the Plans' internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we might not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Plans' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Postlethwaite & Nettleton

Metairie, Louisiana
April 30, 2013